

Airport Sub-Committee Meeting

April 15, 2021

VANTAGE
AIRPORT GROUP



2020

YEAR IN REVIEW

An unprecedented year for aviation as COVID-19 cases surged around the globe. Although the pandemic slowed passenger travel, with challenges, came opportunities as cargo and land development propelled the Airport to continue making great progress in 2020 towards its vision.

2020 Highlights



329,193

passengers flying to and from
Hamilton International



\$84.1m

investment in infrastructure made by
TradePort and its partners in 2020¹



658m kg

in total landed cargo
aircraft billable weight



\$20.5m

capital investment in

**Airfield
Rehabilitation &
Modernization**²



**OVER
3,400**

total jobs created
through airport activity
at Hamilton International³



**OVER
90%**

of passengers
reported a positive
Airport experience⁴



**CONTRIBUTED OVER
\$252,000**

of in-kind support and sponsorships to
community partners and events



Hamilton International
CELEBRATED
80 years
of business

¹ These investments have supported the City's economic development target for adding seven million square feet of new Industrial/Commercial space between 2016 and 2020.

² Phase 2 complete, funded by TradePort International Corporation and Transport Canada's National Trade Corridor Fund

³ Source: Hamilton International Economic Impact Study, ICF (Commissioned in 2018).

⁴ Source: 2019 Customer Satisfaction Survey results.

Airport Operations

Runway Rehabilitation and Modernization Project Update

- To continue accommodating wide-body long-haul cargo flights into international markets, the **\$20.5m** second phase of the runway project was completed on time and under budget and included the rehabilitation of Runway 12-30 and core taxiways with:
 - Over 105,000 tonnes of asphalt
 - Advanced LED airfield lighting to support sustainable initiatives
 - Construction of Runway End Safety Areas with the 'green initiative' of using repurposed asphalt grindings
- Total cost for the five-year project will be **\$38.8m** with Transport Canada's NTCF contributing \$18.5m and balance funded by TradePort, as part of its capital investment plan
- Project creating 350+ construction jobs, with additional 863 full-time jobs to be created over the five-year period



Airport Operations

Health and Safety – A top priority at Hamilton International

In response to the pandemic, the Airport supported public health practices to limit the spread of viruses to **protect travellers, business partners and employees** and **restore confidence in travel**. Measures included:

- ✓ Reinforced and enhanced **cleaning and sanitizing protocols**
 - ✓ Increased frequency of cleaning and disinfecting in high-traffic areas
 - ✓ Treated high-traffic surfaces with an anti-microbial shield
- ✓ Introduction of **policies** for mandatory face masks; limited terminal access to travellers and employees on duty only; and designated terminal access points
- ✓ Installation of additional **signage**, physical distancing floor markers and acrylic **protective barriers** at check-in counters and boarding gates
- ✓ Dedicated COVID-19 web page and social media channels to share health and safety measures in place, important government updates and travel tips



Passenger Operations

Unparalleled year as passenger air travel was devastated globally by the pandemic

- Following three years of unprecedented growth, the Airport was on track to have its fourth consecutive year of **record-breaking performance before the pandemic was declared**
- As reported cases of COVID-19 began to rapidly increase around the globe, so too did the **travel restrictions** put in place to encourage people to stay at home and limit the spread
- All scheduled international and transborder service was suspended while several domestic routes continued to operate on a **reduced schedule for essential travel purposes**

SWOOP

WESTJET

**Air
transat**

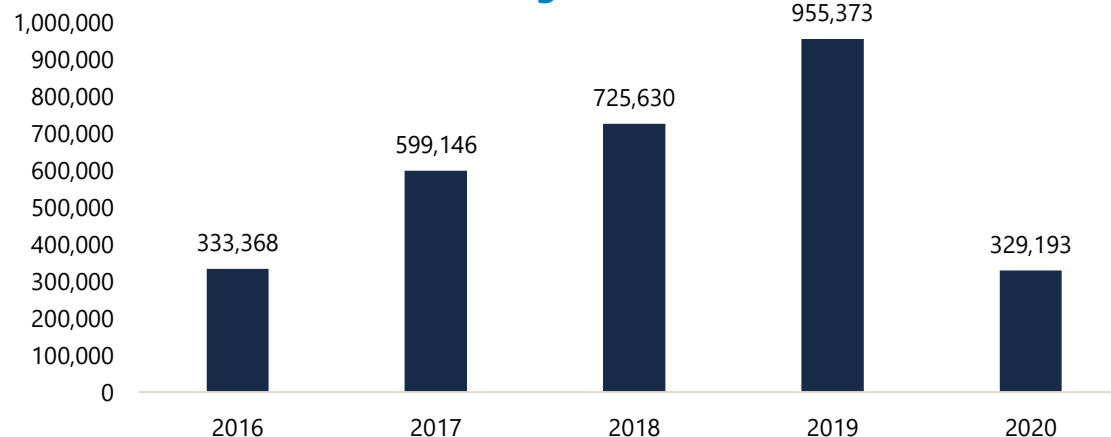
sunwing



329,193

passengers flying to/from
Hamilton International
(66% decrease from 2019)

Passenger Traffic



As the government continues to address the devastating impacts facing the aviation industry, and as we await the completion of the vaccine roll-out, the Airport remains committed to supporting its partners and restoring its passenger activity levels to effectively position Hamilton International to emerge from the COVID-19 crisis.

Cargo Operations

A gateway for facilitating goods movements across the country and around the globe

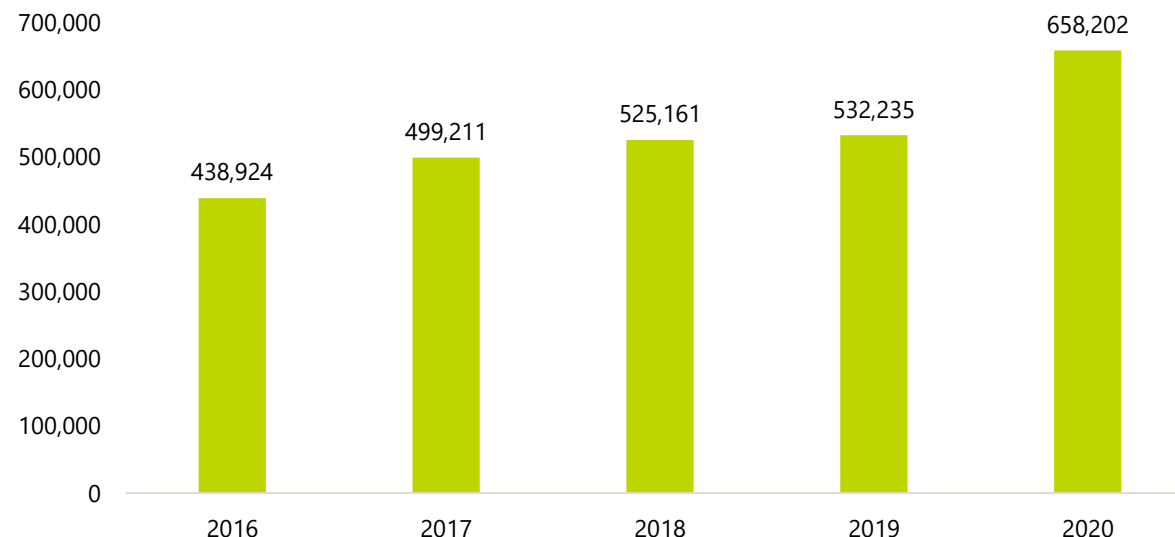
- **E-commerce sales surged** as most of the population remained at home and gravitated to new online shopping habits
- In 2020, the Airport and its cargo partners experienced **24% growth** compared to the previous year with 658,202,000 kilograms in total cargo aircraft billable weight
- This growth has resulted in **on and off airport facility and land development**



658m kg

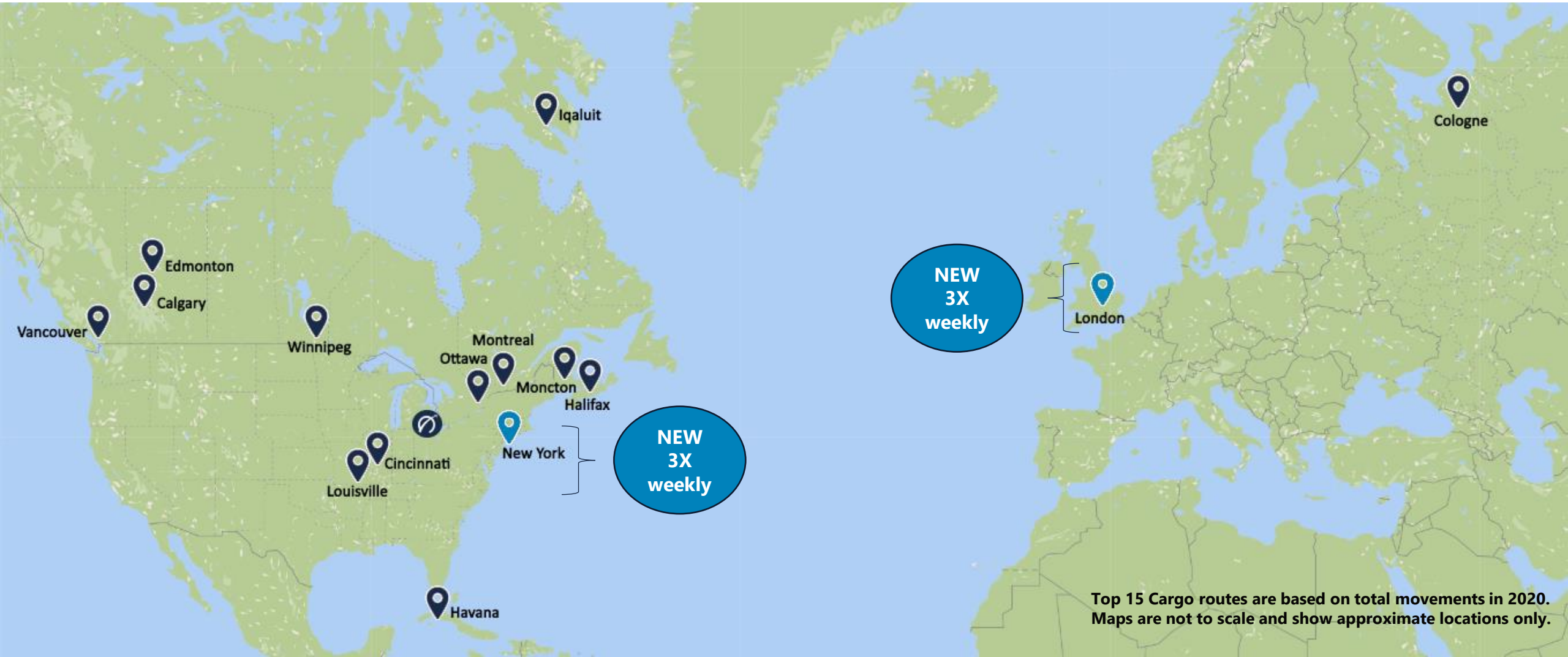
in total landed cargo
aircraft billable weight
(24% increase from 2019)

Cargo Aircraft Billable Weight (000s kg)



Cargo Operations

Growth included international route expansion to markets in Europe (London Heathrow) and the US (New York JFK)



Cargo Operations

COVID-19 - Transporting Medical Supplies, PPE and Vaccines

Cargo activity continued to soar with increased demand for a variety of essential medical supplies and personal protective equipment (PPE) needed during the COVID-19 crisis.

- **Cargojet** was selected by the Government of Canada to operate over **100 inbound flights from China**, carrying essential medical supplies and PPE destined for the healthcare sector
- Flight missions **financially supported by the Airport** as part of its **in-kind contributions** of over \$252,000 to the community
- December 13 marked a truly historic milestone in Canada's fight against COVID-19 as the **country's first shipment of Pfizer vaccines** arrived aboard a **UPS** flight from Louisville, Kentucky
- Included coordinated efforts with the Canada Border Services Agency to process the shipment and the Premier of Ontario along with the Minister of Public Services and Procurement on-site for the arrival



Land Development

Focus on driving economic growth, job creation and financial investment

- Land developments in and around the Airport continue to **drive economic benefits and contribute to workforce development in our region**
- Priorities included construction projects designed to meet region's projected demand and **expand capacity to support future growth** in goods movement, passenger air travel and aerospace including MRO operations



MOHAWK
COLLEGE

KF | AEROSPACE

Mohawk College Centre for Aviation Technology

- Part of KF Aerospace's \$55m investment, featuring a 75,000 square foot purpose-built hangar, classrooms, labs, and specialized shops, including the only Boeing 737 NG Virtual Maintenance Training system in a Canadian college
- Impressive three-story facility is Canada's newest aviation training facility in an innovative learning space that brings all of Mohawk's aviation programs under one roof and with an enrolment capacity increased from 175 to 350 students

Land Development

Focus on driving economic growth, job creation and financial investment

DHL Express Gateway Facility

- Significant progress made on its \$110m investment in the construction of its new 230,000 square foot sort facility set to open in May 2021
- DHL's largest gateway facility in Canada and four times the size of its current sort facility at the Airport
- Capacity to process 15,000 packages per hour



Amazon Fulfillment Centre

- Construction commenced on new 855,000 square foot fulfillment centre in Hamilton adjacent to the Airport
- Anticipated to open in late 2021 and will create more than 1,500 new fulltime jobs and the need for public transit improvements
- Expansion expected to drive increase in both aeronautical activity and ground transportation needs with an expected 30 daily truck trips



Land Development

City of Hamilton Economic Development



sierra

ACHIEVED



Supporting the City's economic development plans, helping it surpass its target for adding **7m square feet** of new Industrial/Commercial space between 2016 and 2020.

Add 7 million sq. ft. of new Industrial and Commercial space

Foreign Trade Zone (FTZ) Designation

Strengthening Hamilton's position as a strategic location for international trade

- The Airport along with the Hamilton Oshawa Port Authority and the City's Economic Development department worked collaboratively to achieve an FTZ designation
- In November 2020, Minister Joly, Minister Tassi and MP Bratina announced Hamilton's designation as the third FTZ Point in Ontario and one of 14 in Canada
- For businesses who rely on the multi-modal connections via air, port, rail and road that the City has to offer, this designation simplifies access to an array of government resources, programs and incentives including direct access to:
 - ✓ Canada Border Services Agency-incentives and programs
 - ✓ Canada Revenue Agency-incentives and programs
 - ✓ Other government agencies such as Transport Canada, Export Development Canada, Innovation, Science and Economic Development Canada, Global Affairs Canada



COMMUNITY IMPACT

Hamilton International is a responsible community partner and economic engine that continues to support its neighbours, passengers and partners to better serve the city and surrounding region.



Environmental Management

Committed to protecting the environment and to safeguarding the health of its employees, business partners and the public.



Canadian Airports Council (CAC) – Environmental Committee

The Airport continues to review best practices with similar airports to further reduce consumption and greenhouse gas emissions.

Sustainable Hamilton and Burlington (SHB)

- Managing carbon footprint by better understanding the Airport's usage of water, electricity and gas, the production of CO₂, as well as waste and recycling management
- On track to reduce its emissions Intensity Value by 20% to 10.55 tCO₂e per 1,000 employee hours by 2027 with a cumulative reduction of 7.7% since joining SHB in 2017

Glycol Management

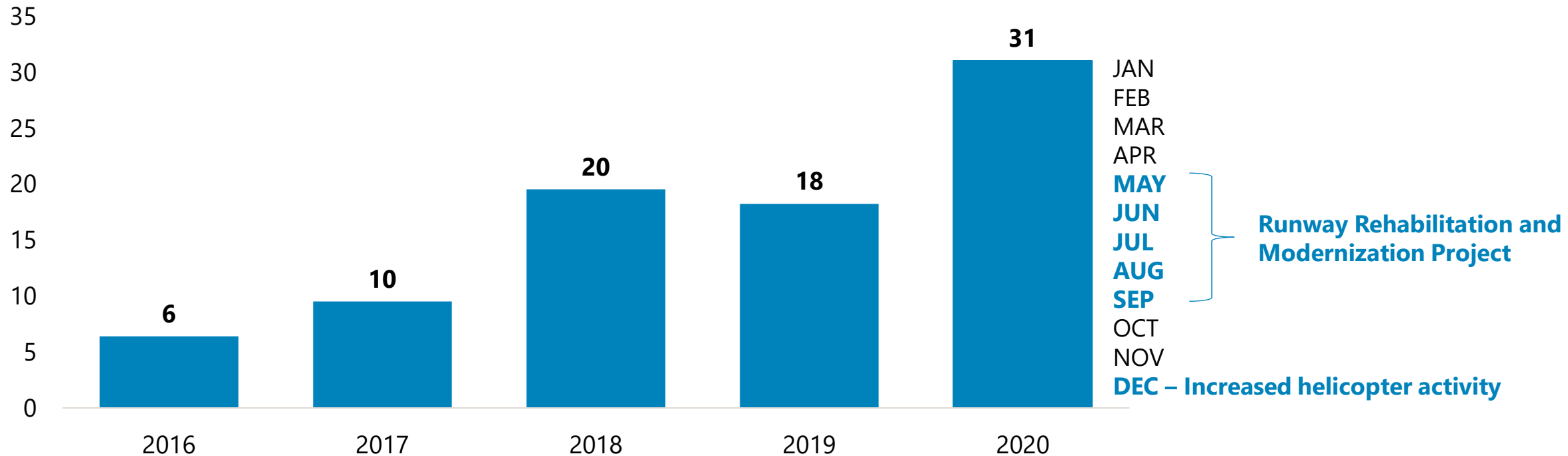
- Managing de-icing/anti-icing solutions sprayed on aircraft to remove or prevent accumulation of snow and/or ice is essential for the safe operation of aircraft during the winter season
- Assessing new solutions for improving the management of used glycol solutions applied to aircraft

Key Environmental Initiatives

- Sustainable activities incorporated into construction projects using light-emitting diode (LED) retrofitted lighting, lighting sensors and energy-efficient heating, ventilation and AC units
- To improve reliability, promote efficiency and reduce greenhouse gas emissions, implemented advanced LED lighting technology on airfield as part of runway project

Noise Reports

Rate per 10,000 movements



Increase in noise reports in 2020 can be attributed to:

- **Increased use of the secondary Runway 06-24**, which has an approach over the City of Hamilton, due to runway construction and daily closures on the main 12-30 runway from May to September; and
- **Increased helicopter activity** from Great Lakes Helicopter in December

Community Investment

Hamilton International was proud to contribute **over \$252,000 of in-kind resources and support** to various community partners and initiatives in 2020 including:

- ✓ Government of Canada flight missions to transport PPE and medical supplies to Canada on Cargojet
- ✓ CityKidz
- ✓ Liberty for Youth
- ✓ Hamilton Chamber of Commerce
- ✓ Binbrook Santa Claus Parade
- ✓ Ward 11 Halloween Scavenger Hunt
- ✓ CKNW Kids' Fund's Pink Shirt Day



ECONOMIC IMPACT

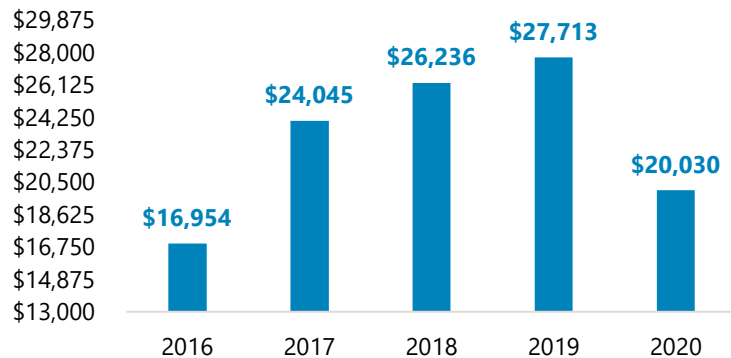
How the COVID-19 pandemic affected Hamilton International's performance targets.



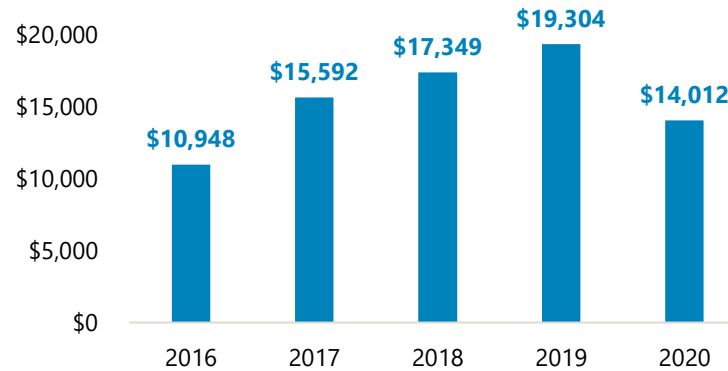
Financial Highlights

Growth in cargo operations, along with the continued focus on safety, security and compliance with regulations were key drivers to reach performance targets

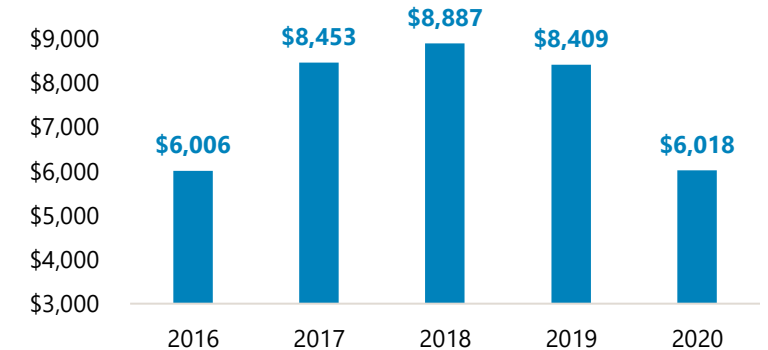
Revenue (000s)



Expenses (000s)



Revenue Over Expenses (000s)

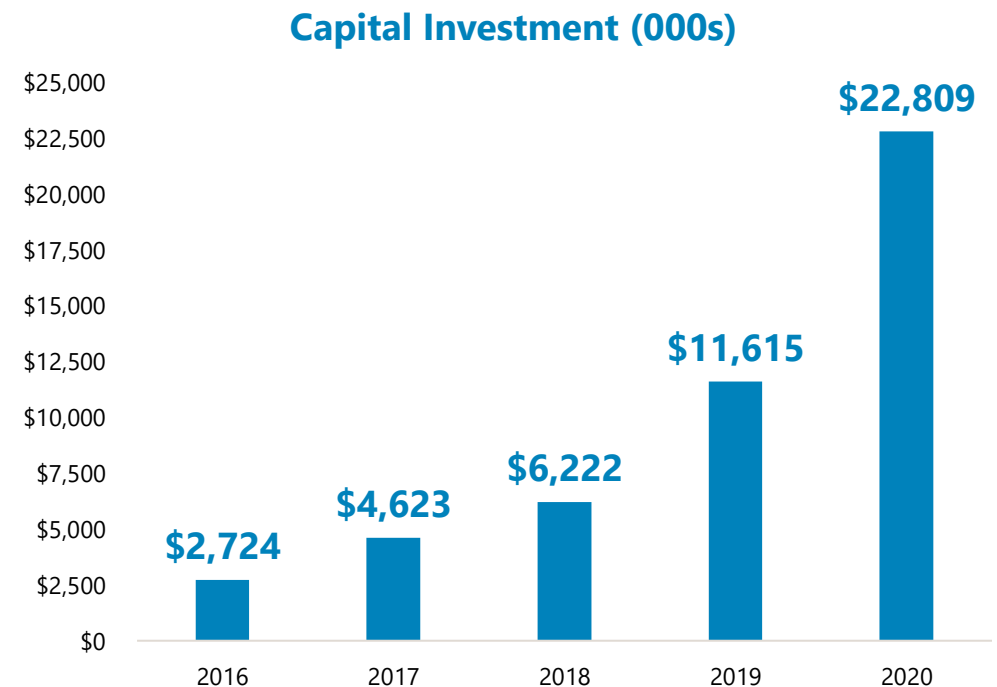


- Main revenue sources include Passenger Operations, Cargo Operations and Commercial Property Rents
- Revenues -28% to prior year due to the impacts of the pandemic
- TradePort quickly enacted guidelines to ensure that only safety, regulatory and essential operating expenses were being incurred to reduce the impacts of the pandemic
- Expenses -27% over prior year included amounts incurred in the normal course of operations such as amortization, interest cost associated with long-term debt and income tax
- Total revenues over expenses -28% over prior year, with revenues exceeding operating expenses by over \$6m

Capital Investments

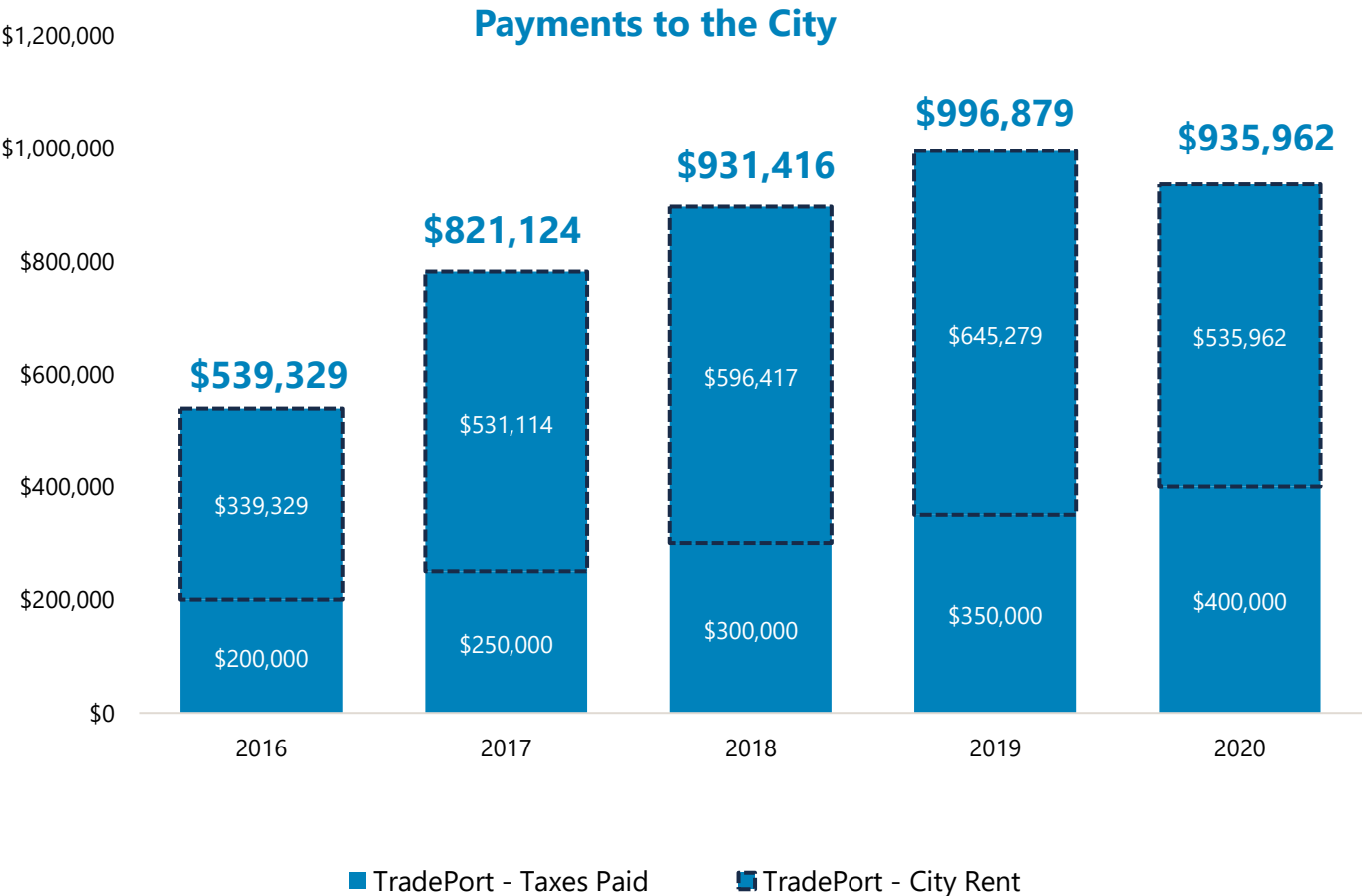
To update, maintain and expand capacity for future growth, the Airport reinvested in infrastructure through its capital program of \$22.8m

- Investments in 2020 include the Airfield Rehabilitation and Modernization Project, Phase One of the Field Electrical Centre replacement, and the relocation of East Cargo Road.
- **Since 1996, TradePort and its business partners** have invested **\$327.8m in infrastructure** and generated **\$26.2m in additional property tax revenue** for the City of Hamilton.
- Collectively, these Airport investments have supported the City's economic development plans, helping it surpass its target for adding seven million square feet of new Industrial/Commercial space between 2016 and 2020.



TradePort - Property Tax and Rent Payments

Payments of \$935k to the City based on revenue and operating income

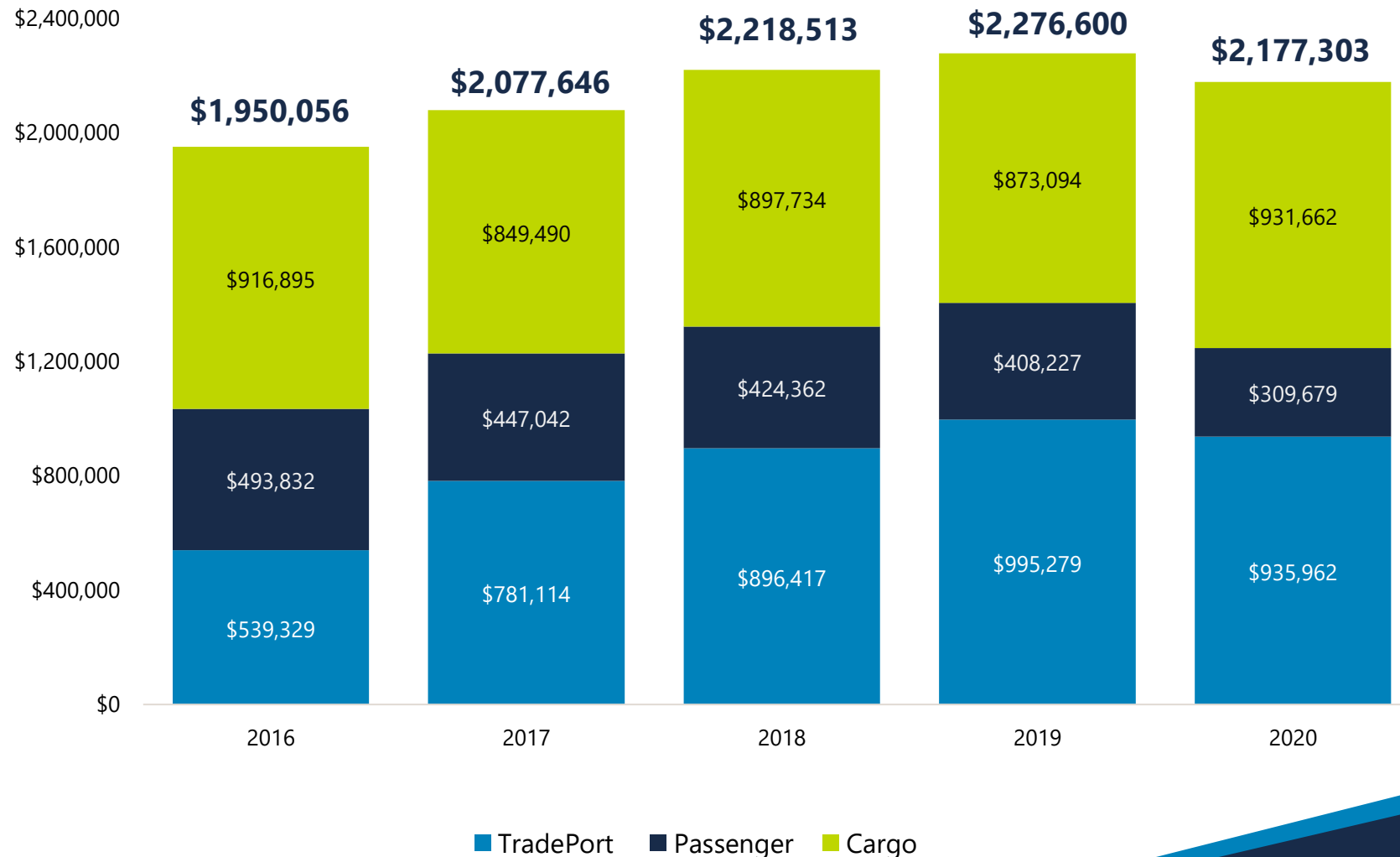


TradePort makes direct payments to the City every year.

For the year ending December 31, 2020, rent, assessment tax and other fees was **\$935,962**

Payments – TradePort and Tenants

Payments to the City of over \$2.1m when combining rent and property tax paid by TradePort with property taxes paid directly to the City by Airport tenants



LOOKING **AHEAD** TO



Continued focus on cargo and land development plans will remain foundational to the Airport's plans in 2021 in parallel with attention on safe recovery efforts to rebuild passenger activity. Priorities shared with the City will include support toward land development planning and ground transportation improvements to connect employees and customers with the City and the region.

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HAMILTON

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